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February 17, 2012

Catrice C. Williams, Secretary  
Department of Telecommunications & Cable  
1000 Washington Street, Suite 820  
Boston, Massachusetts 02118-6500

**Re: DTC 06-61 – Resale**

Dear Secretary Williams:

Enclosed for filing on behalf of Verizon New England Inc. d/b/a Verizon Massachusetts in the above-referenced matter are the following:

1. Motion for Leave to Reply; and,
2. Reply in Support of its Motion for Clarification and Partial Reconsideration.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Alex Moore", written in a cursive style.

Alexander W. Moore

Enclosures

cc: Service List (electronic copy)

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS & CABLE**

Investigation by the Department on its own )  
Motion as to the Propriety of the )  
Rates and Charges Set Forth in the Following )  
Tariff: M.D.T.E. No. 14, Filed with the )  
Department on June 16, 2006, to Become )  
Effective July 16, 2006, by Verizon New )  
England, Inc. d/b/a Verizon Massachusetts )

D.T.C. 06-61

**REPLY OF VERIZON MA IN SUPPORT OF ITS MOTION  
FOR CLARIFICATION AND PARTIAL RECONSIDERATION**

In its Motion for Clarification and Partial Reconsideration, Verizon New England Inc., d/b/a Verizon Massachusetts (“Verizon MA”) explained that it does not have the information necessary to calculate the portion of expenses in Account 612400 (General Purpose Computer) that will be avoided upon resale, using the methodology that was applied in the Virginia Arbitration, as the Department directed in the Order on Reconsideration. Consequently, Verizon MA asked the Department for further direction on how to calculate those expenses.<sup>1</sup>

In response, the CLECs argue that the Department should find that Verizon MA avoided 45.38% of its expenses in Account 612400 on the grounds that “the percentage is supported by substantial evidence.” Response at 4, *citing* Order on Reconsideration at 8, 12. But there is no record evidence that Verizon MA avoided this percentage of expenses in Account 612400 in Massachusetts in 2005, and the CLECs do not cite any.<sup>2</sup> Instead, they argue that the Department should adopt the 45.38% figure because Verizon used it in the Virginia and D.C. Arbitrations in 2001 using the methodology that the Department has adopted here. Verizon MA has explained,

<sup>1</sup> Contrary to the CLECs’ argument in their Response to the Motion, at 3, Verizon MA did not assert that the lack of data excuses it from including avoided costs in Account 612400 in re-calculating the resale discount rates. The lack of data does mean, however, that those costs cannot be calculated in the manner stated in the Order.

<sup>2</sup> The Department found in the Order, at 17, that “[t]he record in this docket does not contain an analysis on what portion of these costs will be avoided....”

however, that the 45.38% amount was an average result from six states and was based on 1999 data. *See* Motion at 3-4. In contrast, this proceeding concerns Massachusetts only, and is based on 2005 data. Applying the Virginia/D.C. methodology to this different set of facts would yield an avoided cost percentage different than, not the same as, the figure used in the older cases.

The CLECs argue that the 45.38% figure is nevertheless an appropriate proxy here because it was based in part on Massachusetts data. *See* Response at 5. Whatever the Department's general authority to make use of proxies, however, it does not obviate the fundamental requirement that the Department's decisions, including the adoption of a proxy, be based on substantial evidence. That 1999 Massachusetts data was used, along with data from five other states, to derive the 45.38% figure in no way demonstrates that Verizon MA avoided that same percentage of expenses in Account 612400 in Massachusetts alone six years later. The CLECs' ask the Department simply to assume that all of the data that must be fed into the Virginia/D.C. methodology to calculate the expenses avoided in Account 612400 – the amount of expenses Verizon MA incurred for General Purpose Computers in Massachusetts, the ratios at which those expenses would have fallen into the function codes within that account (if the 1999 function codes had still been in use in 2005) and the portions of the related direct expense accounts that were avoided – *did not change* from 1999 to 2005 and also was the same for Massachusetts as for the six-state region as a whole. The record contains no evidence whatsoever supporting such speculation, and the Department should reject the CLECs' proposal.<sup>3</sup>

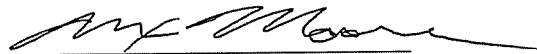
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<sup>3</sup> In Verizon MA's view, the record evidence does not support use of any proxy for the expenses avoided in Account 612400. Should the Department nevertheless choose to adopt such a proxy, it would be more reasonable to infer that Verizon MA would avoid the general expenses of maintaining and operating its computer systems in the same ratio that it avoids direct expenses generally on resale. That ratio does not depend on assumptions regarding data from other states and other eras but can be directly calculated from data included in Verizon MA's Compliance Cost Study approved by the Department in its letter order of March 16, 2007.

WHEREFORE, Verizon MA respectfully requests that the Department grant its Motion for Clarification and Partial Reconsideration and identify a methodology by which Verizon MA can calculate, based on available information, the expenses in Account 612400 that are deemed avoided on resale of Verizon MA's retail services.

VERIZON MASSACHUSETTS

By its attorney,



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(617) 743-2265

Dated: February 17, 2012

**COMMONWEALTH OF MASSACHUSETTS  
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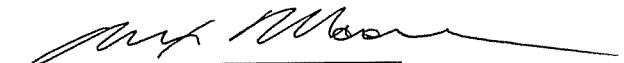
**MOTION FOR LEAVE TO REPLY**

Pursuant to 220 C.M.R. 1.04(5), Verizon New England Inc., d/b/a Verizon Massachusetts ("Verizon MA") hereby moves the Department for leave to reply to the CLEC Coalition's Response to Verizon MA's Motion For Clarification And Partial Reconsideration. As grounds for this motion, Verizon MA states that its Reply, a copy of which is enclosed herewith, provides additional insight into the issues and may assist the Department in rendering decisions on Verizon MA's motion.

Respectfully submitted,

VERIZON MASSACHUSETTS

By its attorney,



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